

(ii) Such other percentage of the parcels has been conveyed to members, or such other date or event has occurred, as is set forth in the governing documents in order to comply with the requirements of any governmentally chartered entity with regard to the mortgage financing of parcels.

(iii) For purposes of this section, the term “**members other than the Declarant**” shall not include builders, contractors, or others who purchase a parcel for the purpose of constructing improvements thereon for resale.

(b) The Declarant is entitled to elect at least one member of the Board of Directors of Magnolia Cottages by the Sea, as long as the Declarant holds for sale in the ordinary course of business at least five (5%) percent of the parcels in all phases of the community. After the Declarant relinquishes control of the Association, the Declarant may exercise the right to vote any Declarant-owned voting interest in the same manner as any other member, except for purposes of reacquiring control of the Association or selecting the majority of the Members of the Board of Directors.

After a duly called and noticed meeting of the Board of Directors, the above initial set of ByLaws were adopted on the _____ day of _____, 200_____.



Jonathan J. Flaig, Director